



**SCOTTSDALE AIRPORT ADVISORY COMMISSION
PUBLIC MEETING
Scottsdale Airport Terminal Lobby
15000 N. Airport Drive, Scottsdale, AZ**

October 10, 2012

MINUTES

- PRESENT:** Michael Goode, Chairman
William Bergdoll, Vice Chairman
Ken Casey (telephonic)
Gunnar Buzzard
Bob Hobbi
William Schuckert
Steve Ziomek
- STAFF:** Sarah Ferrera, Aviation Planning & Outreach Coordinator
Shannon Johnson, Management Analyst
Gary P. Mascaro, Aviation Director
Chris Read, Airport Operations Manager
- OTHERS:** Scott Courier, Island Air Express
Jim Harris, Coffman Associates
Rick Kidder, Scottsdale Area Chamber of Commerce
Mark Landolfi
Debbi Laux, MedAire
Dee Dee Maza, Zulu Caffé
Tommy Walker, Scottsdale Air Center
Matthew Wright, Landmark Aviation

CALL TO ORDER

Chairman Goode called the meeting to order at 6:01 p.m.

ROLL CALL

A formal roll call confirmed the presence of Commissioners as noted above.

PLEDGE OF ALLEGIANCE

Chairman Goode led the meeting in the pledge of allegiance.

AVIATION DIRECTOR'S REPORT

Aviation Director Mr. Gary Mascaro announced there will be some night closures to accommodate construction of runway safety improvements starting on the night of Sunday, November 4. In reply to a query by Chairman Goode, Mr. Chris Read, Airport Operations Manager, said there will be 12 nights of closures and the Airport will remain open on Friday and Saturday nights.

APPROVAL OF MINUTES

1. Approval of Minutes

Regular Meeting: September 12, 2012

Commissioner Buzzard made a motion to approve the minutes of the September 12, 2012 regular meeting. Vice Chairman Bergdoll seconded the motion, which carried by a vote of seven (7) to zero (0).

PUBLIC COMMENT

Mr. Scott Courier of Island Air Express said his firm recently relocated from south east Alaska for the winter. They operate flights to Roosevelt Lake.

REGULAR AGENDA ITEMS 1 - 12

1. Annual Update from the Scottsdale Area Chamber of Commerce

Mr. Rick Kidder, President and CEO of the Scottsdale Area Chamber of Commerce, noted that in the last year the Chamber held at least 12 events and meetings at the Airport. They believe that the Airport is crucial to Scottsdale's past, present and future. It is a significant economic driver and an economic development attraction and amenity and one of the great crown jewels of the city.

The Chamber has a new initiative, America's Financial Oasis. In other contexts it will be called America's Technology Oasis, America's Biomed Oasis, and so forth. The Chamber is attempting to branch into an economic development attraction effort with components that have never been done in Scottsdale before. Scottsdale boasts significant amenities and signature events, and is home to an incredible array of corporate and financial services conventions, held from October through April. Corporate decision makers attend these events and conferences. This is a group that has been by and large untouched from an economic development attraction perspective. This initiative is planned to integrate tourism and economic development to leverage Scottsdale's assets. The initiative targets clean industries such as financial services, biomed, biotech, business services and technology. The coalition assembled to work on the initiative includes the Scottsdale Business Forum created by the Mayor two years ago, the

Convention and Visitors Bureau, Arizona State University, SkySong, GPEC, the City's Economic Vitality Office and Congressman Schweikert's office. They are looking for small wins, such as relocation of regional headquarters. He noted that Deutsche Bank has an annual conference at The Phoenician. This year's conference is currently under way but next year this initiative will be able to have contact. The Airport is a logical partner to help bring new businesses to Scottsdale.

The Chamber is partnering with Play Works, an Airpark business, to put on a Run Around the Runway Event. This will be a 5K run finishing at the Airport.

Mr. Kidder said the Chamber is working with Congressman Schweikert's office and Landmark Aviation to address the gaps in the U.S. Customs Service coverage at the Airport. He stated that some people are rerouting because the customs service is not available every day. This represents potential lost Airport revenue and a potential loss of prestige for Scottsdale. Scottsdale can be a more attractive destination if they can be assured that customs service is available at the Airport seven days a week at reasonable cost. The Chamber is looking at this from the economic development perspective as Scottsdale continues to emerge as a globally competitive city.

Chairman Goode asked about the Chamber's plans regarding the customs issue. Mr. Kidder replied their initial goal is to contact Congressman Schweikert's office. Mr. Eric Larson, Chair of the Board of Directors of the Chamber met with the FBOs and Mr. Mascaro. The Chamber is looking for the least expensive way to utilize the resources and make sure that Scottsdale has the Customs coverage it needs.

Commissioner Hobbi said residential encroachment is a problem the Airport is facing. On one hand this is an important part of economic development. On the other hand it represents a long-term jeopardy for the Airport. He wanted to make sure the Chamber understands that the Airport Advisory Commission is not opposed to growth, but it is essential to preserve the Airport.

Mr. Kidder said he completely agrees. The Chamber would not support owner occupied residential development within the noise contours.

Commissioner Ziomek suggested involving the Arizona Business Aviation Association in the new initiative. Mr. Kidder undertook to reach out to the Association.

2. Discussion and Regarding the Scottsdale Air Fair 2012

Ms. DeeDee Maza of the Zulu Caffé described the planning for the Air Fair. In order for the event to continue in future years they need help to attract sponsors and vendors.

Mr. Mark Landolfi, who is coordinating the logistics, confirmed the aircraft that will be on display, including military, civilian, and historic craft. Public rides will be offered in a few of the aircraft.

Chairman Goode asked Mr. Landolfi about who is providing the Warbirds. He replied that he works with Scott Anderson of the Vietnam Warbirds, who is based out of Deer Valley, on many events around the country.

Commissioner Casey noted that the new Chinooks are flying test flights out of Mesa.

Commissioner Hobbi inquired about static displays. Mr. Landolfi said they are talking to Landmark about possible static displays of commercial aircraft which will need to be moved during the Air Fair.

3. Discussion and Input Regarding AZBAA Presentation on Safety Day

Ms. Debbie Laux, former President of the AZBAA, gave a brief presentation about the upcoming Safety Day scheduled for November 13.

Commissioner Hobbi asked her if this event is a fundraiser. Ms. Laux said it is not planned as a fundraiser but any excess funds will go towards the AZBAA Scholarship Fund.

4. Discussion and Input Regarding the Airport Master Plan Process

Mr. Mascaro introduced the President of Coffman Associates, Mr. Jim Harris, who gave an overview of the master planning process. He noted that since the last master plan was written in 1997, it is time for a new one. Dr. Lee McPheters of ASU will conduct the economic benefit analysis. The FAA requires a cursory environmental evaluation.

Public outreach is key to the process. The first step will be to form an ad hoc Planning Advisory Committee which will review and comment on all materials prepared by the consultants. This will be a stakeholder group representing different constituencies. Open workshops will provide opportunities for tenants and the general public to provide input. Coffman Associates plans to develop a study website where people can review the documents and submit comments. They will also publish a brochure explaining the process.

Mr. Harris stated that the process will take approximately 18 months. The consultants have begun the inventory process and met with some of the tenants, the FAA and staff.

In response to a question from Chairman Goode, Mr. Mascaro said the current environmental assessment is a separate document and is currently in process with the FAA. There is no time frame on it. He explained to Commissioner Buzzard that it is specific to the increased weight limit and cannot serve for the master plan. For the master plan a cursory review of projects planned over the next 20 years is required to see if there are any red flags. In reply to a follow-up question from Commissioner Buzzard, Mr. Mascaro said the FAA is paying for 91.06% of the costs for the master plan. The State will pay 4.45% and the City will pay the remainder.

Commissioner Hobbi inquired about the planned public outreach. Mr. Harris said the website will be available throughout the study. Workshops will be held at intervals as various sections of the study are completed. Coffman Associates will work to develop announcements for distribution through City channels. Mr. Mascaro outlined how they will reach out to stakeholders.

Commissioner Schuckert inquired about the involvement of Dr. McPheters. Mr. Mascaro said that his extensive background is the economic impact of aviation. He will be able to assess the return on investment and tax revenues generated.

Mr. Mascaro said two Commissioners could sit on the Planning Advisory Committee. Commissioner Hobbi volunteered to serve. Commissioner Schuckert noted that his term

expires within the next 18 months and he hesitated to serve on the Planning Advisory Committee if he does not serve a second term on the Commission. Mr. Mascaro pointed out that he is still a stakeholder, given his business interests. Commissioner Schuckert offered to serve on the Committee.

5. Discussion and Input Regarding the retail cost of fuel at Scottsdale Airport

Commissioner Schuckert said he has been questioned by many other people about the cost of fuel at the Airport and felt it would be useful to have a discussion, although the Commission cannot control or dictate the pricing of fuel.

The Airport derives a certain amount of revenue from fuel sales. The pricing of fuel could be a factor in the decision making process of potential visitors and investors. He stressed he is not challenging the FBOs. However this is not a true free enterprise situation. Commissioner Schuckert shared that a month ago he was working with a large company that was looking to make a major investment in Scottsdale. Because of the price of fuel they purchased 40 gallons per side for their Cessna Citation rather than filling up the tanks. He has researched fuel prices at different airports in an attempt to understand this question.

He posed the following questions:

- Has there been a decrease in FBO fuel flowage over the past few years?
- Is there a possibility that pricing is resulting in a reduction of fuel flowage and correspondingly lower fee income to the City?
- If very few people pay the posted price, why is it even posted?
- Are visiting aircraft planning their flights in order to buy fuel elsewhere?
- Is the FBOs' pricing encouraging aircraft to use the Airport, or are these aircraft going to other local airports?
- Is this Airport providing a reasonable, user-friendly operating environment for the approximately 260 based prop GA aircraft?

Commissioner Buzzard asked if they know of actual cases where the Airport has discouraged general aviation aircraft. He acknowledged that there have been rumors about this. Commissioner Ziomek said he has been flying as a civilian out of the Airport for the past 20 years and has never encountered any discouragement. He knows at least a dozen pilots who make a point of filling up at other Valley airports rather than at Scottsdale. Commissioner Buzzard said he has heard that Scottsdale Airport is not the most GA friendly place. People cite the cost of fuel and issues about the restaurant. He emphasized that these are isolated opinions, not facts. It bothers him because he believes that Scottsdale Airport is, in fact, very open and friendly to general aviation aircraft.

Commissioner Hobbi asked if there is anything the Commission can do or recommend. Chairman Goode said he had a long discussion with the director of Centennial Airport, where the four FBOs are currently in a price war, which is putting the companies in jeopardy. He noted that the FBOs have a high cost of doing business. He does not believe the Commission can do anything to set the price of fuel. If they were to make the attempt the FAA would investigate.

Commissioner Schuckert said it was never his intent to imply that the Commission should take any action. He agreed that they cannot. In response to an inquiry by Commissioner Buzzard,

he said that in the incident he had cited, the pilot asked for a discount and was told there was none available.

Commissioner Ziomek said if they could quantify how many aircraft are going elsewhere for fuel, only then would it be incumbent upon the Commission to make a recommendation to the FBOs regarding this.

Vice-Chairman Bergdoll asked whether the fuel sales of other airports are public record. Mr. Mascaro said this is proprietary information. Chairman Goode inquired about fuel flowage data. Mr. Mascaro said airports can keep this as proprietary information. His own observation is that sales volumes fluctuate across all Valley airports at the same time.

Chairman Goode said he doubted that jets are fueling elsewhere, although he would not be surprised if small aircraft are.

Commissioner Hobbi said there are two issues. One is concern about economic activity at the Airport as a result of fuel pricing. Chairman Goode and Commissioner Schuckert agreed this is a concern, but there is no data available to them to quantify this. Commissioner Hobbi said the Commission cannot interfere with the FBOs' business plans.

Chairman Goode invited the representatives from the FBOs to speak.

Mr. Tommy Walker of Scottsdale Air Center said both FBOs are among the top FBOs in the country. They are highly competitive. The superior service and great facilities come at a cost. Scottsdale Air Center has an investment of \$45 million at the Airport. Their pricing is consistent with the cost of doing business at this level. Their prices are lower than in many other markets, such as Aspen, Atlanta, Boston, Baltimore, DCA, Newark, Miami, Milwaukee, Minnesota, O'Hare, San Francisco, San Diego, Seattle, St. Paul, Sun Valley, and Orange County. Pricing is driven by global fuel pricing, refinery margins, and transportation costs. The Air Center's expenses include labor, equipment, utilities, training, maintenance and repair of the fuel farm, and so on. Both FBOs remain open 24/7. Mr. Walker added that very few customers make negative comments to them. Very little of the fuel is sold at retail pricing. Customers usually negotiate fuel contracts. This represents a substantial discount from the posted price. He estimated that 99 percent of customers obtain fuel at a discount. Every fuel price is negotiated and the higher posted price gives them room to negotiate. He pointed out that both FBOs give over 50 percent of their revenue to the Airport.

Mr. Matt Wright, manager of Landmark Aviation, said he agreed with Mr. Walker's remarks. Their pricing policies are proprietary. This is a good discussion to have, as it is true that the prices at Scottsdale are the highest in the state. There is a reason for this. The superior service and facilities come at a cost. He shared that when he managed an FBO at Deer Valley they were unable to attract significant fuel sales from aircraft based at Scottsdale despite having much lower fuel prices. He pointed out that the Airpark contributes to higher fuel prices. The Airpark is only 45% occupied and 20% of the occupants are in non aviation related businesses. This drives fuel prices down and is a factor that FBOs at other airports do not have to contend with. He argued that this is very much a free enterprise system as the FBOs are competing with 30 fuel farms in the Airpark. Mr. Wright commented that the City regulations do not incentivize operators to have low fuel pricing. If the City really wants lower fuel pricing then that needs to be incentivized.

Chairman Goode said he deals with both the FBOs on a daily basis and their service is impeccable.

Commissioner Schuckert thanked the Commission for agendizing this discussion and Mr. Walker and Mr. Wright for their input.

6. Discussion and Possible Action to consider proposed changes to the Airport Minimum Operating Standards, Fixed Base Operators, Section 6-4

Mr. Mascaro reported that the City Auditor's Office completed an audit of the FBOs. One recommendation that came out of the audit was to clean up some conflicts between the lease agreements and the regulations in the Airport Minimum Operating Standards. The proposed change will allow the FBOs to sub-lease office space to aviation related businesses without approval from the City. If they wish to sub-lease to other businesses there will be a procedure to follow. He explained that this will also reduce the administrative burden on Airport staff.

Commissioner Buzzard made a motion to approve the changes to the Airport Minimum Operating Standards, Fixed Base Operators, Section 6-4. Vice-Chairman Bergdoll seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

7. Discussion and Input Regarding Monthly Operations Reports for September 2012

Airport Operations Manager Mr. Chris Read provided the monthly operations report for September.

8. Discussion and Input Regarding Quarterly Noise Complaint Summary Report

Ms. Sarah Ferrara, Aviation Planning and Outreach Coordinator, presented the quarterly noise complaint summary report.

She confirmed to Chairman Goode that two individuals accounted for a total of 29 complaints and noted that complaints are approximately half of what they were a year ago.

Commissioner Hobbi suggested inviting the complaining citizens to the Air Fair and to participate in the Airport master planning process. Mr. Mascaro said staff always advises the people whose contact information is in the database of such events, extending an invitation to attend. Commissioner Hobbi and Chairman Goode urged staff to reach out personally to the people who have made noise complaints. Mr. Mascaro said staff does their best to contact these people personally, usually by email since that is how the majority of complaints are received today. He explained that the Planning Advisory Committee is not a venue for an individual resident; however residents are specifically invited to the workshops.

9. Discussion and Input Regarding Monthly Financial Reports for August 2012

Management Analyst Ms. Shannon Johnson presented the monthly financial reports for August 2012. Airport revenues were about 8% below forecast. The main reason was that the FBO annual reconciliations are not reflected in the August revenues, where they normally would be. The revenues for September will include these figures. August expenses came in 35% below budget. Ms. Johnson explained that it is difficult to predict when in the year certain expenses will be incurred.

10. Discussion and Input Regarding Marketing, Community and Pilot Outreach Programs

Ms. Ferrara said staff is almost ready for the NBAA conference starting October 30 in Orlando. She thanked their sponsors, Scottsdale Air Center, Landmark Aviation, Pinnacle Aviation, Caliber Jet and Go Rentals. They are very proud of the booth.

In September three projects within the Airport influence area were submitted to the Planning Department. These are not noise sensitive uses.

Airport staff recently participated in the Scottsdale 101 training for the leadership program. They made a presentation to a group of real estate executives.

Staff are planning to send out another electronic newsletter soon. No voluntary curfew letters were sent in September.

11. Discussion and Input Regarding Status of Aviation Items to City Council

Mr. Mascaro said there was little to report.

12. Discussion and Possible Action to Modify the Airport Advisory Commission Meeting Schedule

No changes were noted. Chairman Goode suggested that in November they might decide not to meet in December.

FUTURE AGENDA ITEMS

Mr. Mascaro assured Commissioner Hobbi that staff will bring a full report of their work at the NBAA conference.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 8:02 p.m.

Respectfully submitted,

A/V Tronics, Inc. DBA AVTranz